



Metaverse on the board's agenda

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As visionary technologists and strategists consider an expanding scope of possible use cases for the metaverse, the board has a role in guiding conversations with a sharp focus on strategy and risk. Concepts that were once only found in science fiction and video games are breaking through the boundaries of reality and entering the physical realm, with the potential to change many aspects of business and personal interactions. The metaverse is the next-generation internet, with content that has progressed from text to graphics to video to immersive digital interactions. It is a type of digital interaction in which linked virtual experiences mimic those of the real world.

Two key drivers of the metaverse are advancing technology which promoting connectivity and immersive experiences through high-speed advanced networking, and people are spending more time than ever before interacting with digital systems

and socializing in digital environments, especially expedited by the pandemic. For businesses, in order to prepare metaverse adoption, edge computing capabilities, faster connectivity, servers, networking hardware, devices – headsets, gloves, improved cameras, sensors, and other peripherals, are required to power this ecosystem.

The metaverse has the potential to change existing business models in a variety of ways in the near future. Consider the range of possible applications as the metaverse evolves:

Work, collaboration—To improve the transition to hybrid working arrangements by providing people with virtual working environments that enhance interactions. Imagine virtual meetings where people show up via their avatars and engage in conversations that are more lifelike.

Manufacturing, logistics—Companies can use digital twins to emulate manufacturing and logistics processes within the metaverse, which may enable lower-cost predictive planning and maintenance.

Education, training—Online experiences combined with avatars could expand the possibilities for learning and collaboration. A single avatar could move fluidly between spaces, from lecture hall to science laboratory to operating room. Medical students might train on a single avatar before using their skills on live patients.

Consumer—Businesses and consumers could operate in a space where people are living, working, and shopping in a virtual world, which could expand the potential scope of interactions and transactions.

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Government, public sector—The metaverse offers a platform for civic engagement and for government officials to be more accessible to their constituents. City meetings and public events can be held virtually. Even city halls and embassies can be virtualized. This could lead to broad questions about how organizations can cost-effectively deliver services and where physical structures are even necessary.

Health, well-being—The current focus on telehealth can evolve to virtual care to recreate the in-person experience. The metaverse could unlock health care innovations, from mental health and pain management to surgery, fitness, physical therapy, and patient care. Home gyms can get another significant upgrade.

The board's role in metaverse discussion

Boards may even benefit from exploring their possible uses to familiarize themselves with the technology and better understand its applicability to the broader organization. For instance, a board meeting wearing a pair of glasses that overlays physical surroundings with digital information. Wearing these glasses, the meeting agenda could be overlaid on the wall, and board documents could be overlaid with data sources or the recency of information to provide additional context. At a shareholder meeting, a gaze on a specific audience member could produce a biographical sketch of the person—background and context that might be important when the person approaches a microphone to speak.

Even though these ideas might seem far in the future, they are accessible now. The list of uncertainties, potential risks, and opportunities for boards to understand and explore related to the metaverse is considerable:

Business models—Radical new ways of working and interacting may lead to new business models and opportunities, some of which are yet to be defined.

Ecosystem management—Platform and technology selection in the metaverse may be a complex exercise for many companies, especially in the early stages of evolution.



Inclusivity, social policing—Providing an inclusive experience and managing participants' behaviors is already challenging in some virtual environments, as it can be in physical environments.

Security, privacy—The metaverse likely introduces new cyber vulnerabilities and risks related to digital identity and fraud. Businesses and governments are likely to focus on protecting personal information while also identifying and addressing emerging cyber risks.

Questions for the board to consider asking

01. What is our company's business case for pursuing the metaverse? What opportunities does the metaverse present for our company's growth, innovation, and talent experience?
02. Should our organization pursue metaverse adoption and development on its own, or are there any alliances, partnerships, industry associations, or other enterprise relationships that might be leveraged as we consider opportunities?
03. What controls or processes are in place for our company to explore the opportunities and risks associated with new domains such as the metaverse?

04. Should we consider standing up a technology committee to drill into opportunities and risks associated with emerging technologies underpinning our company's performance?
05. What policies or processes do we already have in place with respect to digital assets and digital currencies? Do they need to be reconsidered?
06. What risks might ensue from each potential use case, including the ethical implications of new technology and digital experiences?
07. What risks might ensue from becoming an early adopter versus a follower?
08. Who has regulatory authority over the metaverse, and how might that affect our opportunities to leverage or exploit the metaverse?
09. What are our peers doing with respect to leveraging or investing in the metaverse?
10. What processes do we have in place to monitor the evolving metaverse environment and continually reevaluate opportunities and risks?

Metaverse might illustrate a tremendous and promising business opportunity, and open up new ways to interact and replicate stimulations with less limitation. However, similar to any emerging technology, the benefit comes with risks that businesses must explore in each use case. Therefore, it is vital that the board of directors has a responsibility to help companies remain focused on how this period of transition in the evolution of technology can be leveraged to achieve the company's strategy and mission, and to collaborate with related parties to drive the company to the next chapter.



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